

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE (USA), INC.

Petitioner,

v.

FRACTUS S.A.,

Patent Owner.

IPR No. IPR2018-01461

U.S. Patent No. 9,054,421

**PETITIONER'S AUTHORIZED REPLY TO PATENT OWNER'S
OPPOSITION TO PETITIONER'S REQUEST FOR REHEARING**

Pursuant to the Board's Order of April 10, 2019, Petitioner files this reply.

Patent Owner Fails to Rebut Petitioner's Arguments Regarding § 314(a)

Petitioner correctly informed the Board that the district court litigation was stayed on October 4, 2018. (Ex. 1031.) Patent Owner points to two orders on March 15, 2019, but neither one states that the stay has been lifted. (Ex. 1032, Ex. 2038.) On April 26, the court entered a Scheduling Order, setting a trial date of February 3, 2020, and Petitioner plans to move to stay the trial if institution is granted. The institution decision should occur more than six months before trial begins, making it more likely that the court will grant the stay. Patent Owner does not deny that the court has granted stays under similar circumstances. Contrary to Patent Owner's assertion, the Board has considered the potential of a district court stay as a reason to decline to exercise its discretion to deny a petition under § 314(a). *See, e.g., Ericsson Inc. et al v. Intellectual Ventures II, LLC*, IPR2018-01689, Paper 15 at 56 (April 16, 2019); *Intuitive Surgical, Inc. v. Ethicon LLC*, IPR2018-01703, Paper 7 at 11-12 (Feb. 19, 2019).

Patent Owner overstates the significance of the court's claim construction orders. In all three cases cited by Patent Owner, the Board declined to exercise its discretion to deny institution due to current litigation, making it all but certain that both the Board and district court would independently consider claim construction. Moreover, the Board has granted institution on many occasions after a district court

had construed the claims. *E.g., Chevron N. Am., Inc. et al v. Milwaukee Elec. Tool Corp.*, IPR2015-00597, Paper 24 at 5-7 (July 31, 2015); *Orthopediatrics Corp. v. K2M, Inc.*, IPR2018-00521, Paper 8 at 10 (June 28, 2018).

The Board also has noted that even “if there is a near certainty” that the same invalidity grounds will be considered by a court and the Board, “the different burdens of proof between our proceeding and the district court action still urge us not to exercise discretion here to dismiss the petition, based on our concern for patent quality and the integrity of the patent system.” *See Ericsson* at 56.

Recent Board decisions also continue to question whether *NHK Spring* suggests that § 314(a) alone is a sufficient basis for discretionary denial based on the status of concurrent litigation. *See, e.g., Ericsson* at 57; *Intuitive Surgical* at 12-13

Finally, Patent Owner does not dispute the absence of abuse here, as this Petition is the first post-grant challenge to claims of the '421 patent.

The Becton Dickinson Factors

Patent Owner fails to cite any authority for its argument that a petition must include a discussion of the *Becton Dickinson* factors. The Petition here succinctly explained how its grounds were substantially different from the grounds considered during prior examinations. (Petition at 5, 8-9.) Given the word limit for a petition, Petitioner could not reasonably anticipate and preemptively dispel all of the possible arguments that a Patent Owner *might* make under § 325(d). And it is particularly

unreasonable to require the Petitioner to anticipate that the POPR here would provide such an extensively incomplete and misleading account of prior PTO proceedings.¹

Patent Owner's arguments regarding Petitioner's request to file a reply to the POPR are a red herring. It should be obvious that Petitioner disagreed with the Board's decision to deny Petitioner's request to file a reply to the POPR. And the Board's reliance on the absence of a reply in its Decision denying institution, and its April 10 order allowing additional briefing, suggest that the Board should have allowed a reply to the POPR. But regardless, the issue at hand is not the correctness of the Board's decision on a reply to the POPR, but whether the Board abused its discretion by misapprehending significant facts and unreasonably weighed the relevant factors in its Decision to deny institution.

Patent Owner argues that the Board's evaluation of the *Becton Dickinson* factors was reasonable and correct because the '421 examiner allegedly "considered" *Misra I*, *Misra II*, *Grangeat*, and claims charts from prior reexaminations. (PO Opposition at 4.) The only support for Patent Owner's argument is that these references are listed in the '421 Patent under the heading "References Cited." But "cited" is not the same as "considered." Patent Owner does

¹ The Petition also could not anticipate an argument based on *NHK Spring*, because that decision issued more than one month after the Petition was filed.

not deny that *Misra I*, *Misra II*, *Grangeat*, and the claims charts were inconspicuously buried in hundreds of IDS pages. The Board has repeatedly refused to infer that the examiner actually considered a reference merely because it is listed in an IDS. *See, e.g., Groupon Inc. v. Kroy IP Holdings, LLC*, IPR2019-00044, Paper 14 at 11 (April 19, 2019) (rejecting § 325(d) argument where a reference was one of 60 references on the IDS).

Patent Owner misses the point when it argues that some “non-patent literature” included in the IDS explained the relevance of *Misra I* and *Misra II* and references allegedly “cumulative” to *Grangeat*. (PO Opposition at 5.) The undisputed fact is that this “non-patent literature” was buried among thousands of other documents indiscriminately listed in the IDS. There is no reasonable basis to assume that the Examiner made any meaningful review of those documents.

Patent Owner continues to make its fallacious argument that prior reexaminations evaluated the art with respect to patents “sharing the same disclosure as the ’421 Patent.” (PO Opposition at 4.) Patent Owner does not dispute that it is an error of law to evaluate prior art against the specification, rather than against each claim independently. (Request for Rehearing at 10-11.) Indeed, the Board has recently rejected arguments for a discretionary denial based on a previous challenge to different claims, noting the significance of different limitations in different claims. *See, e.g., Netflix, Inc. v. Realtime Adaptive Streaming LLC*, IPR2018-01630, Paper

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